

June 19, 2012

Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

*WC: 10-90  
WC: 05-337*

Received & inspected  
JUN 26 2012  
FCC Mail Room

RE: Inquiry Concerning CAP Effects

We are writing on behalf of Rural Telephone Company, a provider of local exchange and other communications services with exchanges in rural Idaho and rural Nevada. This letter is sent to seek clarification and further details from the Wireline Competition Bureau with respect to the operations and effects of the quantile regression analysis and related caps on Universal Service Fund (USF) support.

- STUDY AREA 472233 RURAL IDAHO:

Rural Telephone Company - ID	
A: Square Miles	2,482
B: # Landlines	768
B1: Density/Square Mile	0.31
B2: Density/Route Mile	1.36
C: # Broadband Customers	205
C1: Density/Square Mile	0.08
C2: Density/Route Mile	0.36
Route Feet	2,979,429
Feet Per Mile	5,280
Route Miles	564.29

- STUDY AREA 552233 RURAL NEVADA:

RTC NV	
A: Square Miles	5,473
B: # Landlines	889
B1: Density/Square Mile	0.16
B2: Density/Route Mile	1.56
C: # Broadband Customers	413
C1: Density/Square Mile	0.08
C2: Density/Route Mile	0.72
Route Feet	3,018,227
Feet Per Mile	5,280
Route Miles	571.63

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Although Rural Telephone Company is apparently not affected adversely by the caps on USF support at this time, we want to assess what, if anything, can be done now to avoid the application of these caps in future years. To achieve this objective, we need further information or guidance from the bureau. Specifically, we need to understand:

- (1) How our study area boundary was established in the formulas used to develop the caps?
- (2) What census blocks were included within those study area boundaries used in the formulas applicable to Rural Telephone Company?
- (3) What, if anything, can be done to avoid the application of caps in subsequent years through changes or continued practices by Rural Telephone Company to operations or investment practices?
- (4) How Rural Telephone Company can determine what changes, if any, might occur to the formulas and caps in subsequent years so that Rural Telephone Company can plan accordingly to operate and invest in as "efficient" and "prudent" a manner as possible by reference to the caps?

This information, and any related underlying data that the bureau can provide with respect to how and why the caps affect Rural Telephone Company, will be essential in allowing Rural Telephone Company to develop network investment and operating plans that account for the effect of the caps. For example, while Rural Telephone Company is unaffected by the caps today, we need to be able to evaluate the potential effects of the caps in considering any future network construction or upgrade plans, and we currently do not see how this can be done. In the absence of this information, Rural Telephone Company fails to see how the caps will encourage "efficient" or "prudent" behavior or provide a predictable support mechanism because we will not know what is expected by the new rules or how they will affect future support distributions.

Please provide this information and guidance as soon as possible to Rural Telephone Company so that we may make every reasonable effort to plan for the possible effects of the caps as soon as possible. Thank you for your attention to this request.

Sincerely,



Mark R. Martell  
Administrative Manager

MRM/sec